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*Meeting of Budget
Bureau on DOE
also by Gen. Canell.*

ACHIEVEMENTS OF THE IAC DURING 1953-54

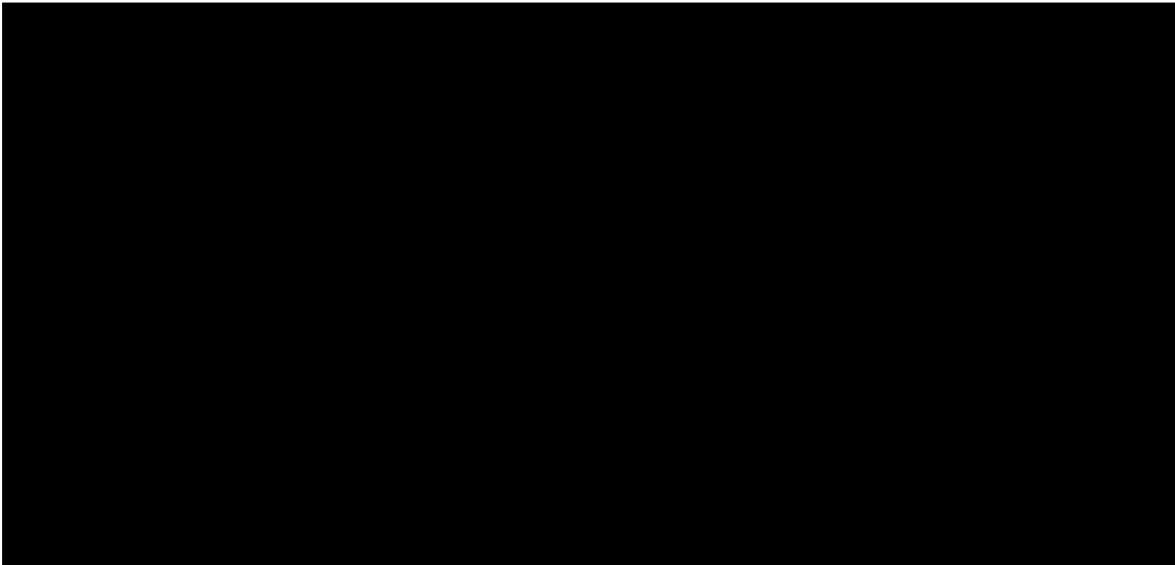
In addition to the continuing intelligence estimates process, which occupies a major portion of the time and effort of the IAC, there are numerous actions which have been taken or which are currently under way to improve the collection and production of intelligence in the intelligence community as a whole. Generally speaking, the leadership in the coordination and implementation of many of these actions is provided by CIA consistent with its statutory responsibilities. This is especially true in the various subcommittees which have been established to provide continuing guidance in the collection, production, and coordination of intelligence in a number of important fields. Some of the more significant accomplishments of these committees will be noted later in this report.

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Of special significance during the past year was the thorough review of the Watch process to provide the earliest possible warning of hostile action. There resulted the reorganization of the Watch Committee of the IAC and the establishment of a National Indications Center. I shall comment further on this important development later.

There was also established during this year an ad hoc subcommittee called the Resistance Intelligence Committee in response to an urgent Army need for such intelligence. Two specific reports were prepared by this committee and a decision taken to produce annually an estimate on anti-Communist resistance in the Soviet Bloc. In the future this will be handled by the regular estimates process. The committee, however, has successfully stimulated the production of intelligence on anti-Communist resistance and resistance potential and has encouraged the collection of data on that subject.

A vitally important part of the development of a coherent collection activity is the clear statement of intelligence objectives. In

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the last fiscal year there was approved by the IAC a revised "Priority List of Critical National Intelligence Objectives" (DCID 4/2 (Second Revision)). Representatives of the IAC, under CIA leadership, are at present completing a further revision and elaboration of this list.

It is now the regular practice of the IAC to have planned in advance a twelve-month program of national estimates. This program is reviewed and extended on a quarterly basis. The full cooperation of the intelligence community enters into the formulation.

Through national intelligence estimates, the DCI continues to provide the highest level of government with estimates on which policy can be based. Conversely, the DCI continues to provide the intelligence community with requirements for NIE's which are responsive to the needs of the policy maker. The fifty odd national estimates produced annually continue to be the product of the collaboration of all agencies which have a direct intelligence contribution to make.

The DCI has also played a leading part in initiating a second net evaluation of Soviet capabilities to injure the United States (and its principal overseas installations). The present effort, as did the first, involves many government agencies, principally the JCS and CIA (on behalf of the IAC), but also ODM, FCDA, the Department of Justice and FBI for internal security aspects, and other agencies. Admiral Radford and DCI are the principal officers charged with responsibility, with Admiral Radford acting as Chairman. The actual integrating work is being done largely by JCS and CIA personnel working

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side by side, CIA's senior man being [REDACTED], Vice Chairman of our Board of National Estimates.

This exercise is of great importance not only for its specific contribution to the policy problem of continental defense, but also as an example of the importance and feasibility of merging intelligence directly with operational information to produce realistic net estimates of Soviet capabilities in crucial respects. General Smith was a pioneer in getting such efforts started at the national-policy level, and Mr. Dulles has continued to push forward in cooperation with the JCS. If the present exercise is a success -- as it now gives every indication of being -- it may be that some permanent set-up can be created for problems of similar gravity.

In addition to the manpower contribution of CIA, and continuing current intelligence support by all agencies, the IAC has produced two major national intelligence estimates, specifically in support of the net capabilities study, one dealing with Soviet gross capabilities to attack the US -- particularly air and atomic factors -- and one dealing with the degree of warning the US might expect to have. The latter, I should add, is the first treatment of this most difficult subject in a national estimate, and we regard this as a substantial step forward in self-analysis. The estimate is of great importance, of course, to SHAPE and other overseas commands, as well as to those charged with continental defense. There will also be annexed to the net evaluation report the annual comprehensive national estimate of Soviet Bloc capabilities in all fields -- done this year more thoroughly

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and for a longer term than ever before (through mid-1959) -- and a pioneer detailed estimate of Soviet guided missile capabilities, in which we have for the first time put every scrap of evidence on this subject under the microscope at the same time.

We are putting increasing emphasis on means for enabling the community to improve the quality of intelligence estimates, primarily by means of a post-mortem review of the estimates. This procedure calls for a determination of what guidance can be given to research and collection activities of the various intelligence agencies, and what changes can be made in our procedures which ultimately will enable all participants in the estimates process to improve their performance. Thus, as a function complementing the formulation of national intelligence objectives, earlier referred to, early in 1954, we reviewed the entire 1953 production. The IAC now has before it the findings of a review of the production of NIE's produced during the first six months of 1954.

I would like to turn now to some of the specific work of the IAC subcommittees.

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ECONOMIC INTELLIGENCE COMMITTEE (EIC)

During the past year a number of important interagency studies were published as EIC reports including projects requested by the IAC, ONE, State Department and the Operations Coordination Board.

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In addition to producing specific research studies, the EIC made major advances in: (a) the exchange of information on agency research programs, and (b) in the interagency identification of critical research deficiencies. During the year this committee published listings of practically all government economic research on the Soviet Bloc. These listings covered research within both the US and certain allied governments, and included external research under government contract. As a consequence there has been an increased awareness of the total government research program in this area and a marked reduction in the duplication of effort. In addition there has been an improved focus in this effort resulting from the identification by the EIC of critical research deficiencies requiring special studies on major aspects of the Soviet Bloc economies. Of further importance to interagency research programming has been the agreement to allocate in the EIC agency responsibility for producing specific research studies to correct these critical deficiencies.

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In conjunction with its surveys to determine critical research deficiencies, the EIC has undertaken to select out those deficiencies which require priority collection efforts. Several of these surveys on such fields as Electronics and Telecommunications have been completed, and the EIC is currently attempting to develop procedures for translating these surveys into improved collection guidance that will actually "pay off" in better collection results.

EIC guidance to selected collection programs has continued to improve and coordinated economic requirements of the IAC community are now provided through:

- a. The comprehensive economic reporting program of the State Department;
- b. The peripheral reporting program of the State Department;
- c. Special guides to economic reporting officers in the Soviet Bloc; and

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One of the major efforts of the EIC during the past year culminated in the presentation to the IAC of a proposed directive delineating responsibilities for the production and coordination of foreign economic intelligence (DCID 15/1). This directive, as approved by the IAC, not only clarified Agency responsibilities but also assigned the EIC the job of reviewing all external research contracts over \$5,000 in value.

INTELLIGENCE FOR ECONOMIC DEFENSE

The Intelligence Working Group (IWG) of the IAC was established "to develop and furnish intelligence to the Economic Defense Advisory Committee (EDAC) for policy making and operations in the economic defense field."

Agency participation in the IWG has increased significantly in the past year and the scope of its operations has been reflected in a substantially broader agenda and in the increased range and more specific coverage of the intelligence reports. In connection with the 1954 inter-national negotiations (CoCom) concerned with the control of strategic commodities an increasing number of intelligence reports have been subject to the review of this interdepartmental group, or were developed on its initiative. Intelligence contributions used in these negotiations were based in large part on commodity intelligence which has been processed through the IWG.

The IWG has taken the initiative in providing guidance and developing improved procedures for the preparation of intelligence reports on strategic commodities and in examining significant gaps in economic defense intelligence. Of the 18 specific studies completed and reviewed under IWG auspices during the year, CIA initiated and completed 11.

A special interagency working group, the Diversion Control Net (DCN), was established during fiscal year 1954 on IWG initiative, and was given responsibility for operations in the enforcement of strategic trade controls. Under terms of reference developed by the IWG,

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the DCN draws its current intelligence support mainly from an economic defense unit in CIA. This unit receives and processes strategic trade intelligence on virtually an all-source basis and provides close support to the DCN in its efforts to prevent the diversion of strategic commodities to Soviet Bloc destinations.

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The Scientific Estimates Committee (SEC) continued to coordinate the production of scientific and technical contributions to National Intelligence Estimates. Notable among these was the major effort of an ad hoc SEC subcommittee on the estimate of Soviet Guided Missiles Capabilities in the course of which coordinated community-wide requirements were issued to a number of collection activities. At the direction of the IAC, the SEC produced an estimate of Soviet BW capabilities, the first community-wide estimate in this field. The SEC instigated a survey to determine deficiencies in intelligence on Soviet Bloc meteorological activities. The SEC coordinated the production of a total of 27 sections of the NIS. Further in the production field, the SEC produced its first "Annual Report of the Status of Scientific and Technical Intelligence Production Projects" on a community-wide basis as an aid to member agencies in planning production and minimizing duplication of effort. In the collection field, the SEC provided coordinated guidance to the Returnee Exploitation Group (REG) covering the majority of the German scientists who worked in the USSR.

In the field of responsibility of the Joint Atomic Energy Intelligence Committee (JAEIC) several significant advances have been made in the development of techniques for the integration of information from multiple sources and the utilization of the integrated results for estimates and as indicators of Soviet activities related to delivery. This work was initiated sometime ago by CIA and received

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impetus from JAEIC. As a result of this mode of operation the coordination of estimates of Soviet atomic energy capabilities has been far more useful for planning purposes than heretofore.

In the field of technical evaluation of international broadcasting, the CIA has established a section for evaluating and producing reports on the subject. This activity is coordinated with Defense, State and the U.S. Information Agency through the medium of the Technical Evaluation Advisory Committee for International Broadcasting (ITAC), established eight months ago. The first report on technical effectiveness has been drafted. To answer specific questions on broadcast technical effectiveness and the operation of Soviet jammers, a special monitoring test was conducted during May under the direction of CIA which involved extensive cooperation by monitoring facilities of USIA, CIA, RFE, Defense, FCC [REDACTED] 25X1C

CIA has played a significant role in the field of ELINT (Electronic Intelligence) in the coordination of community activities, collection of vital raw data, and in the production and procurement through foreign liaison channels of new and essential intelligence of major interest to the community. CIA has proposed (through USCIB) action directed towards coordination of community ELINT activities for the purpose of strengthening and improving ELINT collection, collation, analysis and evaluation programs for production of national intelligence and is currently working with representatives of the Secretary of Defense to produce a draft National Security Council Intelligence

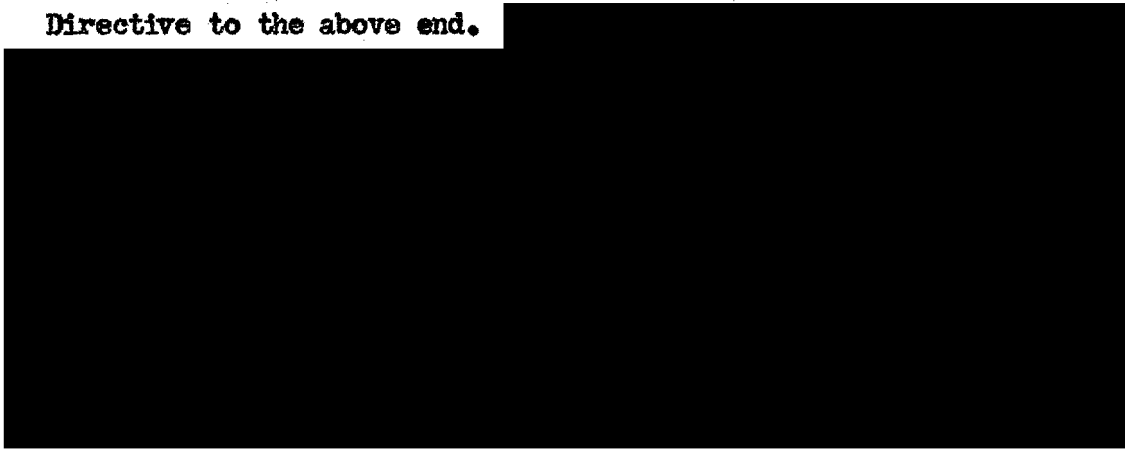
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Directive to the above end.

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COLLECTION

We have also been concerned with what steps we could take to improve collection, from overt sources as well as clandestinely.

To refer first to some of the steps we have taken to improve overt collection, trained Air Technical Intelligence Officers have been placed in certain key domestic field offices to assist and conduct more intensive exploitation of sources capable of providing technical air intelligence. G-2 has also agreed to place Signal Corps Intelligence officers in certain domestic field offices. A program is also underway for the exploitation of the technically trained civilians, employed by the various research and development elements of the military services, not currently being exploited for the benefit of all IAC agencies.

In response to requirements of the IAC, radio monitoring was expanded with respect to the number of target stations, broadcasts, and vernacular languages exploited from regional transmitters of the USSR, especially Central Asia and the Baltic-Arctic Sea area. Coverage of Communist China, Indochina, and Indonesia was improved slightly and the plans have been coordinated for emergency measures in the event a Southeast Asia crisis would eliminate [REDACTED] 25X1A
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An independent survey reported that 80 to 90 percent of the Soviet Orbit economic information contained in monitored regional

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and provincial radio broadcasts was not available from other sources. The result has been an increased attention to fragmentary economic items by the radio monitoring stations and a complete overhaul of the method of making this material available to economic analysts.

Analysis of radio propaganda from the Soviet Orbit was intensified by increasing the frequency and variety of ad hoc reports covering subjects ranging from those with military implications, such as the possibility of Soviet Arctic explorations and the Communist China campaign for the "liberation" of Taiwan, to sociological questions, such as the position of the Ukraine in Soviet Nationalities policy.

In implementing NSCID No. 16, the IAC Subcommittee on Exploitation of Foreign Language Publications, has brought together IAC representatives to develop a fully coordinated program of common service. As a result, some 400 collated reports are now produced annually whereas previously some 4,000 individual reports were required.

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CIA has assumed leadership in the open procurement of foreign newspapers, journals, and books for all members of the intelligence community. The CIA Library now handles the procurement of such publications [REDACTED]

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In response to an Air Force request the CIA Library now indexes

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[REDACTED] reports in accordance with the CIA Intelligence Subject Code before the reports are distributed within the Air Force itself. Thus the intelligence production units in CIA and the Air Force are now operating with a uniform index system. The extension of the same system to G-2 is now in progress.

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NATIONAL INTELLIGENCE SURVEYS (NIS)

I will now refer briefly to our work in basic intelligence. The NIS Program has continued to provide effective means for improving the production and collection of basic intelligence throughout the intelligence community. The NIS Committee provides the central guidance for carrying out the objectives of the program.

In the past year, in spite of serious dislocations of personnel due to economy measures, the NIS Program has by and large been able to meet the production requirements set forth by the Joint Chiefs of Staff of eight equivalent NIS per year. Qualitative deficiencies in NIS contributions have been a major problem of the NIS staff in CIA. However, qualitative adequacy ratings are given each contribution on the basis of standards developed by CIA. These serve as a gauge against which the producing agency can measure its production attainment. The resulting improvements have been encouraging. The NIS procedure for keeping the NIS up to date, known as the NIS maintenance program, has made substantial progress during the past year.

Common practices developed by the NIS Committee assure that all participating agencies now transmit immediately to field activities for review copies of the completed NIS contributions. This provides the field collector with a clear indication of: (1) what is known in Washington relative to the area concerned; (2) an opportunity to improve that intelligence from knowledge available in the field; and (3) long-range collection guidance with respect to indicated gaps and deficiencies.

IAC WATCH COMMITTEE

IAC

The Watch Committee since its establishment late in 1950 carried out its mission to collect, evaluate, analyze and report indications of Soviet-Communist intentions of hostile action without any change in its original terms of reference. However, in the fall of 1953, some feeling arose, principally in CIA, in favor of a review of the Watch operations in the light of the prevailing situation which had substantially changed since 1950. A year ago the DCI, as Chairman of the IAC, proposed that a committee be established "to conduct a thorough and prompt review of Watch processes and prepare recommendations for the IAC and ultimately the NSC". That committee, chaired by a CIA representative, recommended to the IAC terms of reference for the reorganization of the Watch Committee and the establishment of a more comprehensive Watch effort by the IAC agencies. Those recommendations were approved by the IAC in May of this year. In implementation of this decision, the DCI issued DCID 1/2.

The significant change in the watch process was the establishment of a National Indications Center to support the IAC Watch Committee. Since its inception, the Watch Committee has been supported by a secretariat which, because of personnel T/O limitations, has been almost fully occupied with the essential administrative details of arranging for the meetings, preparing the report of the Watch Committee meetings, and ensuring proper dissemination of the report.

The National Indications Center, headed by a CIA man as Director, includes 10 other full time intelligence officers (three from CIA) and nine administrative personnel (four from CIA). It will be capable

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of substantially increased support to the Watch Committee. The intelligence officers of the NIC are directed by the terms of reference to arrange with their respective parent agencies for the timely forwarding to the NIC of all pertinent information and intelligence relating to the Watch Committee mission. The personnel of the NIC will devote their full time and effort to preparing such material for presentation to the Watch Committee. Under the previous arrangement such substantive support was an "in addition to your other duties" assignment for individuals scattered throughout the IAC agencies who were not associated directly with each other except during the course of the Watch Committee meeting, a matter of two to three hours each week.

It is also envisaged that the NIC will experiment with and develop the techniques of indications intelligence in order to increase the effectiveness of such an operation. In this connection CIA is continuing to develop techniques of indications intelligence which will further support the NIC and through it the Watch Committee. In addition to improving the techniques for processing pertinent available material, the NIS is also charged with developing and operating a Watch Committee Intelligence Plan for systematizing, energizing, and coordinating through appropriate channels the worldwide collection by US agencies of information and intelligence pertinent to the Watch Committee mission. This latter function of stimulating the collection effort toward acquiring a larger proportion of information directly pertinent to the watch function will gradually

increase the capability for providing advance warning of hostile action.

In order that no dangerous gap may occur during the change-over period to the new organization, the IAC Watch Committee has continued to function under its original terms of reference until the NIC has been fully established in its own area now being constructed in the Pentagon and is in a position to provide support as planned to the Watch Committee.